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FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FISCHER I, LLC

DECEMBER 31, 2011 AND 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUN 2 7 2012

Fischer I, LLC

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
BALANCE SHEETS	5
STATEMENTS OF OPERATIONS	7
STATEMENTS OF MEMBERS' EQUITY (DEFICIT)	8
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10
SUPPLEMENTAL INFORMATION	
SCHEDULES OF CERTAIN REVENUE AND EXPENSES	21
DEPRECIATION EXPENSES AND ACCUMULATED DEPRECIATION BY CLASS OF RENTAL PROPERTY	24
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	25
STATUS OF PRIOR YEAR FINDINGS	27

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INDEPENDENT AUDITORS' REPORT

To the Members
Fischer I, LLC

We have audited the accompanying balances sheets of Fischer I, LLC as of December 31, 2011 and 2010, and the related statements of operations, members' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fischer I, LLC as of December 31, 2011 and 2010, and the results of its operations, the changes in members' equity (deficit) and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 27, 2012 on our consideration of Fischer I, LLC's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information on pages 21 through 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Reznick Group, P.C.

Charlotte, North Carolina
April 27, 2012

Fischer I, LLC

BALANCE SHEETS

December 31, 2011 and 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Cash	$ 27,202	$ 385,840
Tenant accounts receivable	1,915	8,016
Accounts receivable - other	592	-
Prepaid expenses	2,960	5,946
Total current assets	32,669	399,802
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tenant security deposits	2,600	2,400
Replacement reserve	46,052	45,917
Total restricted deposits and funded reserves	48,652	48,317
RENTAL PROPERTY		
Building and improvements	3,654,063	3,475,435
Land improvements	261,845	261,845
Furniture and equipment	66,625	66,625
	3,982,533	3,803,905
Accumulated depreciation	(708,930)	(598,761)
Total rental property	3,273,603	3,205,144
OTHER ASSETS		
Tax credit monitoring fees	1,257	1,390
Total other assets	1,257	1,390
Total assets	$ 3,356,181	$ 3,654,653

(continued)

Fischer I, LLC

BALANCE SHEETS - CONTINUED

December 31, 2011 and 2010

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

	2011	2010
CURRENT LIABILITIES		
Accounts payable	$ 5,060	$ 14,990
Accrued expenses	40,481	2,082
Asset management fee payable	11,563	6,563
Developer fees payable	231,036	231,036
Due to related parties	687,322	1,072,710
Total current liabilities	975,462	1,327,381
DEPOSITS AND PREPAID LIABILITY		
Tenant security deposits	3,300	2,400
Prepaid rent	-	1,172
Total deposits and prepaid liability	3,300	3,572
LONG-TERM LIABILITIES		
Notes and accrued interest payable - related party	2,284,325	2,191,638
Total long-term liabilities	2,284,325	2,191,638
COMMITMENTS	-	-
Members' equity (deficit)	93,094	132,062
Total liabilities and members' equity (deficit)	$ 3,356,181	$ 3,654,653

See notes to financial statements

Fischer I, LLC

STATEMENTS OF OPERATIONS

Years ended December 31, 2011 and 2010

	2011	2010
Revenue		
Rental income	$ 164,966	$ 154,523
Vacancies and concessions	(14,252)	(18,253)
Other operating income	191,151	36,363
Total revenue	341,865	172,633
Operating expenses		
Salaries and employee benefits	53,032	55,603
Repairs and maintenance	29,659	53,148
Utilities	34,085	24,282
Property management fee	8,187	6,540
Property insurance	30,593	39,995
Miscellaneous operating expenses	17,535	30,302
Total operating expenses	173,091	209,870
Net operating income (loss)	168,774	(37,237)
Other income (expense)		
Interest income	247	924
Other financial income (expense)	-	(1,730)
Annual fee to affiliate of limited partner	(5,000)	(4,063)
Other related party fees and expenses	(92,687)	(87,889)
Depreciation	(110,169)	(110,505)
Amortization	(133)	(133)
Total other income (expense)	(207,742)	(203,396)
Net loss	$ (38,968)	$ (240,633)

See notes to financial statements

Fischer I, LLC

STATEMENTS OF MEMBERS' EQUITY (DEFICIT)

Years ended December 31, 2011 and 2010

	Managing Member	Investor Member	Total Members' Equity (Deficit)
Balance, January 1, 2010	$ 5	$ 372,690	$ 372,695
Net loss	(24)	(240,609)	(240,633)
Balance, December 31, 2010	(19)	132,081	132,062
Net loss	(4)	(38,964)	(38,968)
Balance, December 31, 2011	$ (23)	$ 93,117	$ 93,094
Partners' percentage of losses	0.01%	99.99%	100.00%

See notes to financial statements

Fischer I, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Net loss	$ (38,968)	$ (240,633)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation	110,169	110,505
Amortization	133	133
Changes in:		
Tenant accounts receivable	6,101	(7,113)
Accounts receivable - other	(592)	-
Prepaid expenses	2,986	-
Accounts payable	(9,930)	13,481
Accrued expenses	38,399	(22,547)
Tenant security deposits	700	-
Prepaid rent	(1,172)	976
Accrued interest, notes payable to HANO	92,687	100,706
Asset management fee payable	5,000	4,063
Net cash provided by (used in) operating activities	205,513	(40,429)
Cash flows from investing activities		
Expenditures on rental property	(178,628)	-
Change in reserve for replacements	(135)	(38)
Net cash used in investing activities	(178,763)	(38)
Cash flows from financing activities		
Payments to related party	(385,388)	(12,817)
Net cash used in financing activities	(385,388)	(12,817)
Net decrease in cash	(358,638)	(53,284)
Cash, beginning	385,840	439,124
Cash, end	$ 27,202	$ 385,840
Supplemental disclosure of cash flow information		
Cash paid for interest	$ -	$ -

See notes to financial statements

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Fischer I, LLC (the Company), a Louisiana limited liability company, was formed in March 2004 to construct, develop and operate a 20-unit apartment project, known as Fischer I Apartments (the Project) in New Orleans, Louisiana. The Project is rented to low-income tenants and is operated in a manner necessary to qualify for federal low-income housing tax credits as provided under Section 42 of the Internal Revenue Code (Section 42).

The managing member is Lune d'Or Enterprises, LLC (the Managing Member). The limited members (the Limited Members) are MMA Special Limited Partner, Inc. (the Special Member) and MMA Fischer I, LLC (the Investor Member). The Company will operate until December 31, 2102 or until its earlier dissolution or termination.

Profits, losses and tax credits are allocated in accordance with the Amended and Restated Operating Agreement, dated January 1, 2005 (the Operating Agreement). Profits and losses from operations and low-income housing tax credits in any one year are allocated 99.99 percent to the Investor Member and 0.01 percent to the Managing Member.

Pursuant to the Operating Agreement, the Investor Member is required to provide capital contributions to the Company totaling $2,079,000, subject to adjustments based on the amount of low-income housing tax credits allocated. As of December 31, 2011 and 2010, the Investor Member had provided cumulative capital contributions in the amount of $1,326,683 and $1,326,683, respectively. As of December 31, 2011 and 2010, no equity adjustments are anticipated.

Fischer I, LLC is a component unit of the Housing Authority of New Orleans (HANO) under the requirements of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. Fischer I, LLC is presented as a discretely presented component unit of HANO as there is a financial benefit/burden relationship with HANO.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tenant Receivables

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America (GAAP) require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Deferred Fees and Amortization

Tax credit monitoring fees are being amortized using the straight-line method over the fifteen-year tax credit compliance period. Accumulated amortization at December 31, 2011 and 2010 was $743 and $610, respectively.

Estimated amortization expense for each of the five following years through December 31, 2016 and thereafter is as follows:

Year	Amortization
2012	$ 133
2013	133
2014	133
2015	133
2016	113
Thereafter	612
Total	$ 1,257

Rental Property

Rental property is recorded at cost. Depreciation of rental property is computed primarily using the following methods and estimated useful lives:

	Method	Estimated useful lives
Building and improvements	Straight - line	40 years
Land improvements	Declining - balance	20 years
Furniture and equipment	Declining - balance	10 years

Impairment of Long-Lived Assets

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2011 and 2010.

Rental Income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Company and tenants of the property are operating leases.

Advertising Costs

The Company's policy is to expense advertising costs when incurred.

Income Taxes

The Company has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Company's federal tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reporting amounts and disclosures. Accordingly, actual results could differ from those estimates.

Economic Concentrations

The Company operates one property located in New Orleans, Louisiana. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

NOTE 3 - RESTRICTED CASH

Replacement Reserve

Pursuant to the Operating Agreement, the Managing Member shall establish a reserve account for capital replacements, funded by monthly deposits of $417, increasing annually by the Consumer Price Index commencing on the completion date. As of December 31, 2011 and 2010, the replacement reserve balance was $46,052 and $45,917, respectively.

ACC Subsidy Reserve

Pursuant to the Operating Agreement, the Company shall establish a reserve account equal to $33,627 as set forth in the Regulatory and Operating Agreement between the Company and HANO. Funds in the ACC Subsidy Reserve may be used to pay operating expenses subject to approval and consent of the Investor Member. As of December 31, 2011 and 2010, no amounts have been funded.

Operating Reserve

Pursuant to the Operating Agreement, the Managing Member is required to establish an operating reserve in a separate reserve account to fund operating expenses, to the extent required, subject to any requisite approvals and to the consent of the Investor Member. As of December 31, 2011 and 2010, no amounts have been funded.

NOTE 4 - OPERATING DEFICIT GUARANTY

Pursuant to the Operating Agreement, the Managing Member has guaranteed to fund, without limitation, all operating deficits, as defined. Amounts so furnished to fund operating expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions and amounts furnished on or after the Development Obligation Date shall constitute Operating Expense Loans, as defined. Any such Operating Expense Loans shall not bear interest and are repayable only as provided for in the Operating Agreement. As of December 31, 2011 and 2010, there were no guaranty amounts due or payable.

NOTE 5 - RELATED PARTY TRANSACTIONS

Operating Subsidy from HANO

During 2011 and 2010, the Company received rent assistance subsidy from HANO in the amount of $31,798 and $35,679, respectively. In addition, during 2011, the Company received operating subsidy from HANO to pay for building improvements in the amount of $178,628. During 2010, the Company received operating subsidy from HANO to pay property insurance in the amount of $28,163.

Due to affiliates consists of the following at December 31, 2011 and 2010:

	2011	2010
Asset Management Fee Payable Pursuant to the Operating Agreement, an annual cumulative asset management fee in the amount of $2,500 per annum is incurred. To the extent that it is not paid in full in any fiscal year, it shall accrue and be payable in the future. During 2011 and 2010, fees of $5,000 and $4,063, respectively, were charged to operations, which included an adjustment for prior year fees that were not recorded.	$ 11,563	$ 6,563
Developer Fee Payable The Company entered into a development agreement with Crescent Affordable Housing Corporation (CAHC), an affiliate of the Managing Member. The agreement provides for a development fee and overhead in the amount of $279,026, for services in connection with the development of the Project and supervision of the construction. Payments of the development fee are to be made from designated proceeds or from development advances, as defined in the Operating Agreement and the Development Services Agreement, respectively.	$ 231,036	$ 231,036

		2011		2010
The Company owed amounts to Fisher III, LLC, a related party of the Managing Member, for costs related to the construction of the Project. The costs were paid by Fischer III, LLC on behalf of the Company during the development phase of the Project. Related party payables bear no interest, are collateralized by the Project, and are payable from remaining mortgage proceeds, capital contributions, and available cash flows from the Project.	$	579,711	$	579,711
As of December 31, 2011 and 2010, the Company owed HANO for advances related to miscellaneous costs associated with the construction of the Project. Related party payables bear no interest, are collateralized by the Project, and are payable from remaining mortgage proceeds, capital contributions, and available cash flows from the Project.		107,611		492,999
Total due to related parties	$	687,322	$	1,072,710

NOTE 6 - RELATED PARTY LOANS AND NOTES PAYABLE

Notes payable to related parties consists of the following:

	2011	2010
Capital Funds Note During 2005, the Company entered into a Capital Funds Note with HANO to provide financing for the development of the Project. During 2007, there was an addition to the balance of this loan when HANO reimbursed JPMorgan Chase Bank for an outstanding construction loan, on behalf of the Company. The loan bears interest at the long term applicable federal rate, which was 4.68% at the time the loan was funded, and is collateralized by the Project. All unpaid principal and interest is due on January 31, 2060, and payments on the loan are to be made from surplus cash. As of December 31, 2011 and 2010, the balances of the HANO Capital Funds Note are included in notes and accrued interest payable - related party in the accompanying balance sheets. Interest incurred during the years ending December 31, 2011 and 2010 was $79,722 and $76,158, respectively.	$ 1,424,059	$ 1,424,059
Accrued interest payable	359,118	279,396

	2011	2010
Program Income Note On January 20, 2005, the Company entered into a Program Income Construction Mortgage Note with HANO in the amount of $196,300. The loan was obtained in connection with the financing of the acquisition, development, and construction of the Projects and bears interest annually at the long term applicable federal rate, which was 4.76% at the time the loan was funded. The loan is collateralized by the Project, and the entire amount of unpaid principal and interest is due and payable on January 31, 2060. Interest incurred during the years ending December 31, 2011 and 2010 was $12,965 and $11,731, respectively.	196,300	196,300
Accrued interest payable	74,848	61,883
Supplemental Loan On November 1, 2006, the Company entered into a Supplemental Loan with HANO in the amount of $130,000. The loan bears no interest and is collateralized by the Project. All unpaid principal is due on November 1, 2061, and payments on the loan are to be made from surplus cash.	130,000	130,000

	2011	2010
Affordable Housing Program Loan On November 16, 2005, the Company entered into an Affordable Housing Program Loan with HANO in the amount of $100,000 to assist the Company in financing the Project. The loan bears no interest, and is collateralized by the Project. The loan matures fifteen years from completion of the Project, which occurred on May 27, 2006. The Affordable Housing Program Loan is payable from remaining mortgage proceeds, capital contributions, and available cash flow from the project.	100,000	100,000
	$ 2,284,325	$ 2,191,638

NOTE 7 - CONTRACT SUBSIDY

Twelve units within the Project are eligible to receive operating fund assistance from the Department of Housing and Urban Development through HANO, under Section 9(e) of the United States Housing Act of 1937. During 2011, the Company earned operating fund assistance in the amount of $42,894. This amount is included in rental income in the statements of operations. No subsidy payments were received in 2010.

NOTE 8 - MANAGEMENT AGREEMENT

Beginning in March 2011, the Company entered into an agreement with Guste RMC, LLC, in connection with the management of the rental operations of the Project. The property management fee is calculated in the amount of $35 per occupied unit per month. Total management fees incurred under this agreement for the year ended December 31, 2011 was $6,650.

The prior management agreement was with Latter & Blum Property Management, Inc. The property management fee was $30 per occupied unit per month for which rent was actually received. For the years ended December 31, 2011 and 2010, $1,537 and $6,540, respectively, was incurred and paid under that agreement.

NOTE 9 - GROUND LEASE

The Company entered into a Ground Lease Regulatory Agreement (the Ground Lease) with HANO. The Company is bound by the responsibilities and obligations of the Ground Lease. Under the Ground Lease, annual rent of $10 is due and payable for each lease year in advance on the first day of each lease year. The lease term ends at the latest to occur of (1) the expiration of the minimum period during which the Public Housing Units are required by law to be operated as public housing, (2) 40 years from the date the Project becomes available for occupancy, and (3) 89 years. The lease also has provisions extending the ground lease, but in no event will the lease extend beyond 95 years.

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances in several accounts in one bank. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2011.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Project's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

NOTE 12 - SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of Fischer I, LLC through April 27, 2012 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTAL INFORMATION

Fischer I, LLC

SCHEDULES OF CERTAIN REVENUE AND EXPENSES

Years ended December 31, 2011 and 2010

	2011	2010
Rental income		
Tenant rental revenue	$ 90,274	$ 118,444
Contract subsidy from HANO	42,894	-
Rental subsidy from HANO	31,798	35,679
Miscellaneous rent revenue	-	400
Total rental income	$ 164,966	$ 154,523
Vacancies and concessions		
Apartments vacancies	$ 14,252	$ 18,253
Total vacancies and concessions	$ 14,252	$ 18,253
Other operating income		
Tenant charges	$ 455	$ 900
Other operating subsidy received from HANO	178,628	28,163
Miscellaneous other income	12,068	7,300
Total other operating income	$ 191,151	$ 36,363
Salaries and employee benefits		
Salaries - administrative	$ 39,411	$ 21,928
Salaries - maintenance	7,664	19,369
Payroll taxes	5,477	12,543
Health insurance and other benefits	480	1,763
Total salaries and employee benefits	$ 53,032	$ 55,603

(continued)

Fischer I, LLC

SCHEDULES OF CERTAIN REVENUE AND EXPENSES - CONTINUED

Years ended December 31, 2011 and 2010

	2011	2010
Repairs and maintenance		
Grounds	$ -	$ 300
Security services/contract	-	23,296
Supplies	4,048	1,261
HVAC expense	-	3,743
Painting, decorating and cleaning	-	3,749
Repairs and maintenance - other than contracts	-	10,091
Repairs and maintenance - contracts	23,106	8,247
Miscellaneous maintenance expenses	2,505	2,461
Total repairs and maintenance	$ 29,659	$ 53,148
Utilities		
Electricity	$ 3,993	$ 5,311
Water	23,740	9,100
Trash removal	6,352	9,871
Total utilities	$ 34,085	$ 24,282
Miscellaneous operating expenses		
Training and travel	$ -	$ 36
Telephone and answering service	777	2,280
Credit collection and eviction	-	459
Bad debt expense	-	2,222
Miscellaneous administrative	5,139	2,171
Advertising and newspaper	430	1,249
Legal	1,442	-
Audit	5,835	7,281
Accounting	3,751	2,220
Other professional fees	161	12,384
Total miscellaneous operating expenses	$ 17,535	$ 30,302

(continued)

Fischer I, LLC

SCHEDULES OF CERTAIN REVENUE AND EXPENSES - CONTINUED

Years ended December 31, 2011 and 2010

	2011	2010
Other financial income (expense)		
Bank service charge	$ -	$ (1,730)
Total other financial income (expense)	$ -	$ (1,730)
Other related party fees and expenses		
Interest expense - related party loans	$ 92,687	$ 87,889
Total other related party fees and expenses	$ 92,687	$ 87,889

(continued)

Fischer I, LLC

DEPRECIATION EXPENSE AND ACCUMULATED DEPRECIATION BY CLASS OF RENTAL PROPERTY

Years ended December 31, 2011 and 2010

	Accumulated Depreciation January 1, 2010	Depreciation Expense 2010	Accumulated Depreciation December 31, 2010	Depreciation Expense 2011	Accumulated Depreciation December 31, 2011
Building and improvements	$ 369,613	$ 86,886	$ 456,499	$ 89,438	$ 545,937
Land improvements	78,384	18,346	96,730	16,512	113,242
Furniture and equipment	40,259	5,273	45,532	4,219	49,751
	$ 488,256	$ 110,505	$ 598,761	$ 110,169	$ 708,930

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members
Fischer I, LLC

We have audited the financial statements of Fischer I, LLC (the Company) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintain effective internal control over financial reporting. In planning and performing our audits, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions and requirements was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the members, management, and others within the Company, and is not intended to be and should not be used by anyone other than these specified parties.

Reznick Group, P.C.

Charlotte, North Carolina
April 27, 2012

Fischer I, LLC

STATUS OF PRIOR YEAR FINDINGS

Years ended December 31, 2011

Internal Controls over Financial Reporting

Deficiency 2010-1

Material weakness in internal control over financial reporting.

Status

Closed